



CEO LETTER TO ACLARA SHAREHOLDERS: 2024 ACCOMPLISHMENTS AND 2025 OUTLOOK

TORONTO, ON, December 31, 2024 – Aclara Resources Inc. (“Aclara” or the “Company”) (TSX: ARA) is pleased to announce the release of a letter to its shareholders from the Company’s Chief Executive Officer, Ramón Barúa.

“Dear Shareholders,

2024 has been a transformative year for Aclara, marked by significant progress in both our strategic and operational initiatives. We are evolving from a mining company to a comprehensive “mine-to-magnet” solution company, developing cutting-edge technologies to produce the world’s most environmentally responsible and cost-efficient magnetic rare earths. With our recent adoption of Artificial Intelligence (AI) technologies, we are driving industry innovation and positioning ourselves for sustainable and scalable growth across the entire rare earths value chain.

Here are the biggest milestones achieved by Aclara this year:

Strategic Investments and Partnership with CAP

In 2024, we were able to raise more than US\$54 million of fresh capital for Aclara, at valuations representing a significant premium to the current share price. In April, we announced the closing of a US\$29.1 million investment made by CAP S.A. (“CAP”), a leading high-grade iron ore producer, in Aclara’s Chilean subsidiary, REE Uno, which saw CAP acquire a 20% equity stake. This transaction provides the funds to support the permitting, community engagement, and feasibility study phases of the Penco Module. This investment represents a pre-money valuation for our Chilean subsidiary alone of US\$119.5 million. Since then, CAP has already made significant contributions in helping to position our Penco Module as an important asset for Chile and the future of the Biobio region. We are leveraging their decades-long experience in permitting and operating mineral resource assets in Chile while benefiting from their extensive network of contacts in the industry. Last week, we were thrilled to announce that CAP is expected to become a shareholder of Aclara alongside Hochschild Mining and New Hartsdale Capital Inc. (our two anchor investors since the Company’s IPO), participating in a US\$25 million private placement to advance Aclara’s Carina Project in Brazil. This capital raise was agreed to at a premium of 41% over the closing price of our shares on the last trading day prior to the date of its announcement. We are very pleased to be adding CAP as a significant shareholder as we continue to develop and invest in more modules and vertical integration.

Vertical Integration and New Ventures

In 2024, we made the commitment to vertically integrate, a decision that management believes makes sense strategically, commercially and economically, positioning Aclara as a unique company in the rare earths sector. We have light and heavy rare earths and are now developing the technology to process them ourselves.

Aclara’s business now consists of three (3) key areas: Rare Earths Mining, Separation, and Metals and Alloys.

- *Rare Earths Mining:* *The development of our two (2) rare earth projects - the Carina Project in Brazil and the Penco Module in Chile.*
- *Rare Earths Separation:* *We have published the initial engineering studies for a solvent extraction plant, using conceptual engineering developed by Hatch Ltd. We are currently putting together a team comprised of*

internal engineers and high-quality consultants, who have begun working on the flowsheet optimization and the development of a separation pilot plant specifically designed for our carbonates. This strategy has provided new opportunities for Aclara, increasing our dialogue with several governments interested in supporting our project. Having the rare earths processing technology, together with a balanced feed between heavy and light rare earths, is a coveted strategic asset within the current complex geopolitical scenario. Currently, we are working with the U.S. Department of Commerce's International Trade Administration to identify the best site for installing a separation facility in the U.S.

- **Metals & Alloys:** Our joint venture with CAP to develop a Metals and Alloys operation is already in place and moving forward. We have incorporated professionals from CAP's metallurgical division, who bring several decades of experience in the fabrication of ferroalloys, in this manner, developing a proprietary flowsheet for the fabrication of alloys especially designed for permanent magnets used in electric vehicles. Initial test work has already begun and the Company is aiming to define a site for a pilot plant focused on developing a product that meets the specifications of permanent magnet manufacturers during Q1 2025.

Strategic Partnership with VAC

Additionally, our strategic alliance with Vacuumschmelze, the largest producer of rare earth magnets outside Asia, enables us to present a comprehensive "mine-to-magnet" solution to potential clients. This collaboration's main objective is to work together to define the most efficient approach to offering low-cost permanent magnets produced entirely using sustainable practices.

Brazil: Expanding Mineral Resources and Advancing Permitting

The large size and high grades of light and heavy rare earths of the ionic clay found within the Carina Project's deposit has propelled Aclara a new order of magnitude as a future rare earths producer. We discovered the deposit at the Carina Project in late 2023, and in 2024 Aclara took the transformative step of consolidating the Carina Project as our flagship asset. During this year, we presented two Preliminary Economic Assessments (PEAs) - the first with a maiden resource and the second with a 77% increase in resources. Aclara is continuing to progress the Carina Project with ongoing drilling aiming to upgrade inferred mineral resources to the measured and indicated mineral resource categories in the coming months, and the acquisition of adjacent properties providing opportunities to further expand our mineral resource base.

A key highlight of the updated PEA is that its heavy rare earths production represents approximately 13% of China's official 2023 dysprosium and terbium production. The PEA shows robust economic results, including an after-tax NPV of US\$2.2 billion at an 8% discount rate, a 33.1% IRR over a 22-year mine life, a 3.4-year payback period, and initial capital costs of US\$599 million. For the first time, we are using rare earth prices published by independent analysts which differ from the prices published by China. This is pertinent for the successful development of sustainable and reliable projects of the critically needed rare earth elements. We are progressing according to schedule with the Prefeasibility Study ("PFS") being led by Hatch, and expect its completion in Q3 2025.

The response of the Government of Goiás and the local authorities of Nova Roma with respect to the Carina Project has been very positive. We have received their immediate support to continue to develop the project, with an emphasis placed on our strong commitment to contributing to the development of local communities through employment opportunities and providing local suppliers with access to participate in the project. These initiatives were reflected in the Memorandum of Understanding signed between the Company and Governor Ronaldo Caiado. Aclara is encouraged that we share a common view with respect to the development of critical material projects to support the fight against climate change, while promoting innovation, sustainable practices and generating quality employment for the local communities.

Please visit [Aclara Brazil on Instagram](#) to see how we are locally presenting our project.

Permitting Progress in Chile & Community Engagement

Our Chilean operations progressed substantially this year as we re-applied for the Penco Module's environmental permit with a revised strategy which focuses on presenting a smaller project that doesn't use natural water sources and emphasizes on reforestation. This has allowed us to move forward with the permitting process, and we are now addressing questions from authorities and the local community that have arisen through the consultation process. Our commitment to sustainability is demonstrated through our contribution of over 8,000 Naranjillo trees and our continued collaboration with the Penco community, where we have earned considerable local support.

We proudly opened the Aclara House in Penco, a space dedicated to sharing the benefits of our project and engaging with the community. Furthermore, Aclara's inclusion in the Biobío region's Industrialization Plan, led by the Minister of Economy, is a testament to our role in driving regional employment and economic growth.

Please visit [somosaclara on Instagram](#) to follow the coverage of our work with the Penco community.

Leveraging AI as a Competitive Advantage

Aclara has embraced the power of AI with an aim to revolutionize exploration and operational efficiencies. Our AI initiatives are focused on developing large data models to explore for ionic clay deposits and creating digital twins of our operations. This technological focus will allow us to optimize our entire process, notably reducing costs while increasing efficiency. In an effort to support this initiative, Aclara was awarded a US\$730,000 grant from the Chilean Government to advance our AI projects.

Recognition and Awards

Our endeavors in 2024 have been recognized globally.

In December, Aclara was recognized for its groundbreaking Circular Mineral Harvesting process by the UN Global Compact – Chilean Chapter, earning third place for its contribution to advancing the Sustainable Development Goal ("SDG") 6: Clean Water and Sanitation. Among 166 submissions from 61 companies across diverse industries, Aclara's initiative stood out for its transformative approach to resource management, as evaluated by a distinguished jury of 48 experts.

In Brazil, Aclara was recognized by ApexBrasil and Exame for our efforts in attracting high-quality foreign direct investment into the country. Further, Brazil Mineral, the country's top mining industry magazine, named us Company of the Year under the "Exploration" category.

Finally, Aclara also received two notable honors from the 2024 Mining Technology Excellence Awards in the U.S., accepting recognition in the "Innovation" and "Environmental Sustainability" categories. We are thrilled to receive these awards, which reflect the dedication of our entire team to creating a lasting, positive impact.

Looking Ahead: 2025 and Beyond

As we enter 2025, we are excited about the continued momentum carrying over from 2024. Aclara is fully financed to pursue a focused fast-track program aimed at achieving production by 2028. Our focus for the coming year includes:

- Progressing Permitting: We expect considerable advancements in permitting in both Chile and Brazil, setting the stage for the next phase of development at both rare earth projects.
- PFS and Feasibility Studies: The PFS in Brazil is on track for completion in Q3 2025 and we are determined to make substantial progress on the feasibility study for the Carina Project.

- Pilot Plant and Process Optimization: Aclara's pilot plant is on track to start operations in Brazil by Q2 2025, offering us an invaluable opportunity to further optimize our patented Circular Mineral Harvesting process and gain firsthand insights into our operational capabilities. We expect visits from several of our important stakeholders, replicating the successful pilot plant experience we had in Chile.
- Solvent Extraction and Alloy Production: We aim to complete optimization work for the solvent extraction process of our rare earth carbonates and move forward with piloting in Q4 2025, while advancing our metals and alloys joint venture to support high-performance magnets.

Aclara has the potential to produce 16% of China's official heavy rare earths production from our projects in Brazil and Chile, a volume capable of supplying enough materials for 5 to 6 million electric vehicles annually. This production would be traceable and reliable, aligning with global demand for sustainable materials to drive the decarbonization of the planet.

Since the inception of Aclara, we have devoted a significant amount of time and effort to working with our hosting communities, ensuring we adequately communicate our activities and proactively listen to their concerns. By co-developing our projects alongside them, our focus has been on generating development opportunities in the local territories. Ensuring that our stakeholders improve by having Aclara as a neighbor is a belief deeply rooted within our culture and is a core value that we will relentlessly pursue in all our projects.

We are deeply committed to this vision, and as we approach the next growth phase, we are excited by the tremendous opportunity to make a meaningful impact on the world's transition to a greener, more sustainable future.

We encourage our stakeholders to visit our website to sign up to receive our news by email and follow us on [LinkedIn](#) and [X](#) for regular updates on Aclara and the rare earths sector.

Thank you for your continued support and trust.

Sincerely,

Ramon Barua
Chief Executive Officer "

About Aclara

Aclara Resources Inc. (TSX: ARA), a Toronto Stock Exchange listed company, is focused on building a vertically integrated supply chain for rare earths alloys used in permanent magnets. This strategy is supported by Aclara's development of rare earth mineral resources hosted in ionic clay deposits, which contain high concentrations of the scarce heavy rare earths, providing the Company with a long-term, reliable source of these critical materials. The Company's rare earth mineral resource development projects include the Carina Project in the State of Goiás, Brazil as its flagship project and the Penco Module in the Bio-Bio Region of Chile. Both projects feature Aclara's patented technology named Circular Mineral Harvesting, which offers a sustainable and energy-efficient extraction process for rare earths from ionic clay deposits. The Circular Mineral Harvesting process has been designed to minimize the water consumption and overall environmental impact through recycling and circular economy principles.

Through its wholly-owned subsidiary, Aclara Technologies Inc., the Company is further enhancing its product value by developing a rare earths separation plant in the United States. This facility will process mixed rare earth carbonates sourced from Aclara's mineral resource projects, separating them into pure individual rare earth oxides. Additionally, Aclara through a joint venture with CAP S.A., is advancing its alloy-making capabilities to convert these refined oxides into the alloys needed for fabricating permanent magnets. This joint venture leverages CAP's extensive expertise in metal refining and special ferro-alloyed steels.

Beyond the Carina Project and the Penco Module, Aclara is committed to expanding its mineral resource portfolio

by exploring greenfield opportunities and further developing projects within its existing concessions in Brazil, Chile, and Peru, aiming to increase future production of heavy rare earths.

Forward-Looking Statements

This press release contains “forward-looking information” within the meaning of applicable securities legislation, which reflects the Company’s current expectations regarding future events, including statements with regard to, among other things, the Company’s strategic partnerships and future investments; achieving production by 2028; the timing and advancement of the permitting process both in Chile and Brazil; the timing and completion of the PFS of the Carina Project; the Company’s ongoing relationship and support from various governmental organizations and entities; the Company’s use of AI technology; the timing of the Company’s pilot plant operations; production projections and economic results from the Company’s PEA; inferred and measured and indicated resources for the Carina Project; statements with regard to the Company’s corporate strategy; expectations as to activities conducted in connection with the Carina Project and Penco Module, timelines for completion and the success, effect or outcomes resulting therefrom; the development of a separation facility and the related contracts and studies in relation thereto; the development and success of the Company’s vertical integration strategy; and plans as to expenditures, investments, and use of capital and financial resources in the near and long term. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company’s control. Such risks and uncertainties include, but are not limited to risks related to operating in a foreign jurisdiction, including political and economic risks in Chile and Brazil; risks related to changes to mining laws and regulations and the termination or non-renewal of mining rights by governmental authorities; risks related to failure to comply with the law or obtain necessary permits and licenses or renew them; cost of compliance with applicable environmental regulations; actual production, capital and operating costs may be different than those anticipated; the Company may be not able to successfully complete the development, construction and start-up of mines and new development projects; risks related to fluctuation in commodity prices; risks related to mining operations; and dependence on the Penco Module and/or the Carina Project. Aclara cautions that the foregoing list of factors is not exhaustive. For a detailed discussion of the foregoing factors, among others, please refer to the risk factors discussed under “Risk Factors” in the Company’s annual information form dated as of March 22, 2024, filed on the Company’s SEDAR+ profile. Actual results and timing could differ materially from those projected herein. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained in this press release is provided as of the date of this press release and the Company does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required under applicable securities laws.

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